

## SUMMER NEWS



### Finland's Presidency of the Council of the EU

On 1 July 2019, Finland took the six-month rotating presidency of the Council of the EU, until 31 December 2019. The country will follow the groundwork laid by their predecessor, Romania. The priorities of Finland's presidency are driven by their motto "Sustainable Europe – Sustainable Future." The Presidency programme ([here](#)) focuses on four main priorities:

- Strengthen common values and the rule of law;
- Make the EU more competitive and socially inclusive;
- Strengthen the EU's position as a global leader in climate action; and
- Comprehensively protect the security of EU citizens.

The other key issues for Finland's Presidency are the comprehensive management of migration and the implementation of the EU's priorities in the multiannual financial framework for 2021-2027. Finland will be the first presidency to integrate the new priorities of the Strategic Agenda 2019-2024 into the Council's work.

## HOUSING POLICY NEWS

### European Commission's analytical report on housing affordability

In July 2019, Build Europe was chosen as one of a small group of key stakeholders to read and amend a draft version of the European Commission's analytical report on housing affordability. The document is of critical importance, as it represents the important first step in recognising the housing crisis as a key priority for the European Commission. While some themes receive appropriate development and analysis in the report, others are less so, and some may be a cause of alarm for Build Europe. The draft report draws heavily from the findings of both Housing Europe and the EU Urban Agenda's Housing Partnership, while missing the opportunity to recognize that private operators can and do play a crucial role in providing affordable housing stock in Europe. Today, virtually all businesses embrace their corporate social responsibilities. Build Europe has shared its concerns with the European Commission, through a letter addressed by Build Europe President Marc Pigeon and Build Europe Managing Director Filiep Loosveldt (available [here](#)), as well as pointed comments directly in the report (available [here](#)). The Secretariat will closely follow the developments in that matter.

## **Services of General Economic Interest (SGEIs): Commission's consultation**

The European Commission launched a public consultation on whether the EU's State aid rules for health and social Services of General Economic Interest (SGEIs) as updated in the so-called 2012 SGEI package met the objectives. The overall objective of the package was to support Member States in funding SGEIs that are of key importance to citizens, and society as a whole, while preserving the key aspects of State aid control, including social housing. The 2012 SGEI package regarding health and social services aimed at simplifying compatibility criteria, and reducing the administrative burden for Member States that compensate undertakings entrusted to provide such services to the (vulnerable part of the) population at affordable conditions. In this context, the 2012 SGEI Decision acknowledged that health and social services have specific characteristics that need to be taken into consideration. More compensation for these services was not necessarily considered to produce a greater risk of distortions of competition. Accordingly, compensation for health and social services was, under certain conditions, exempted from the notification obligation under Article 108 TFEU. The consultation is open until 6 November 2019. An editable Word document is available [here](#), in English, and [here](#), in French. The Secretariat is currently drafting a response.

## **World Economic Forum publishes insight report into the creation of affordable housing in cities**

The World Economic Forum, in collaboration with PwC, has released its Insight Report on the creation of urban affordable housing. The report analyses both supply-side and demand-side dynamics to provide bespoke recommendations to better deal with the challenges different real estate stakeholders may encounter. It also suggests strategic long-term reforms to local decision-makers, with the aim of reducing the dependence on government support systems, and further incentivizing private activity to fill the gaps in the housing value chain. The report suggests reforms at "each stage of the housing value chain", and calls for all housing stakeholders to co-operate to address the affordable housing issue. The Insight Report is available [here](#).

## **FISCAL & FINANCIAL NEWS**

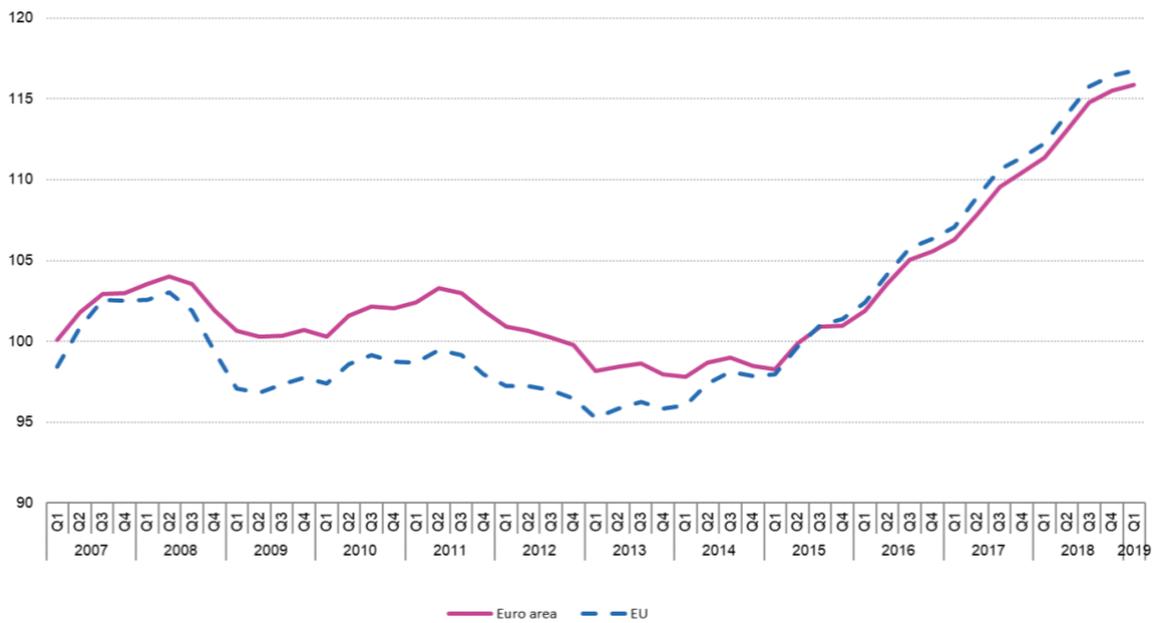
### **Real estate transfer tax – an international comparison**

The German federation BFW would like to share an interesting overview of tax discussions on land transfer tax they found. Developed by the German Institute for Finance and Taxes ([here](#) in German), the report contains an overview of the real estate transfer tax system, with a comparison of the EU states and the USA with all the special regulations and relevant framework conditions. You can find an English translation [here](#). With regards to implementation, every country is unique. BFW believes in looking beyond the German framework, and believes that adopting the strengths of each country's domestic policies would better improve the servicing of the German housing market.

### **House prices up by 4.0% in both the euro area and the EU**

House prices, as measured by the House Price Index, rose by 4.0% in both the euro area and the EU in the first quarter of 2019, compared with the same quarter of the previous year. Compared with the previous quarter (Q4 2018), house prices rose by 0.3% in both the euro area and the EU in Q1 2019. More information is available [here](#).

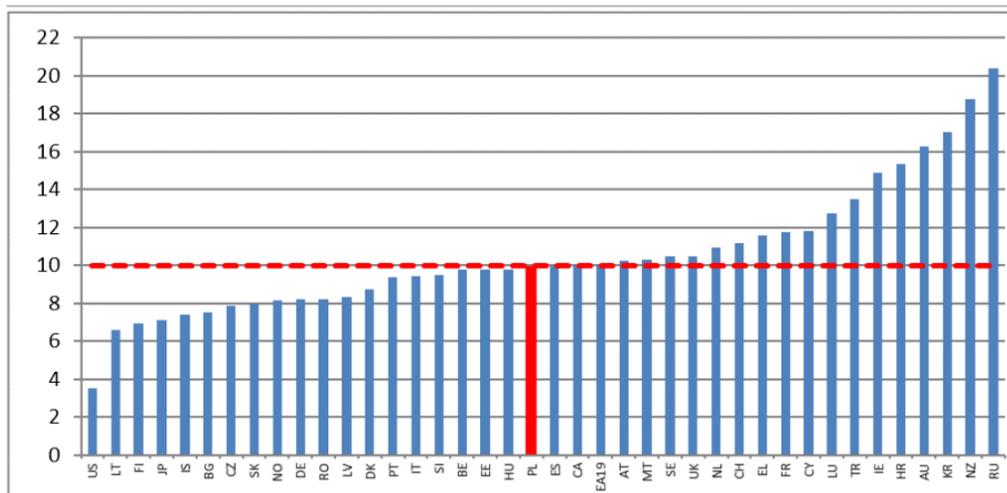
House Price Indices - euro area and EU aggregates; Index levels (2015 = 100) - 2007-2019Q1



### Assessing House Prices: insights from “Houselev”, a Dataset of Price Level Estimates

In July 2019, the European Commission published a discussion paper titled “Assessing House Prices: Insights from ‘Houselev’, a Dataset of Price Level Estimates” (available [here](#)). It presents a new database of estimates of house price levels that covers all EU countries. Rather than relying on house prices quoted by sellers in realtors’ website, the estimate used is based on available data from national accounts and censuses that compute house price levels as the ratio between the total value of houses and the total useful floor area. The results indicate that house price levels display a considerable variation across countries. The method also improve the basis for macro-surveillance on the housing-related matter, and construction of a wide range of useful indicators, notably in the implementation of fiscal and macro-prudential policies addressing potentially harmful house price dynamics. Further work should aim at building on the information basis for the construction of the estimates, and ensuring high quality and full comparability. Work should also aim at estimating price levels at sub-national level on a comparable basis.

Graph 4.1.1: Price-to-income ratios (number of yearly incomes required to purchase a 100 m2 dwelling), 2016.



## EMF newsletter – July 2019

July's [newsletter](#) includes the quarterly review Q1 2019, noting that Q1 is characterised by the fact that the economic growth stabilised but remained weak, and continued to lose the momentum of last year. It also includes the European Banking Authority's results of the Basel III implementation assessment, which includes a quantitative impact study, based on data from 189 EU banks, and a comprehensive set of policy recommendations in the area of credit and operational risks, output floor and securities financing transactions.

## TECHNICAL NEWS

### Smart Readiness Indicator: interim report, beta test, consultations

The consortium in charge of the Smart Readiness Indicator (SRI) for Buildings has published the interim report of the technical support study. The full report is available [here](#), the summary [here](#), and all documents (including annexes) are available [here](#). The consortium would be grateful to receive feedback on the study, preferably by mid-September, allowing the study team to process them before the second stakeholder meeting (see [here](#) an editable Word document). The study team has also developed a provisional SRI assessment method and calculation scheme. If you are interested in beta testing the SRI, please get in touch with the Secretariat. Furthermore, the Commission launched a consultation to inform the development of the SRI and, in particular, the establishment of the legal acts to be adopted by the European Commission (see [here](#) an editable Word document). The topic will be discussed during the Build Europe Board of Directors, where the Secretariat will be presenting a draft response.

### European Commission's July infringements package: key decisions

In its package of infringement decisions (available [here](#)), the European Commission is pursuing legal actions against Member States for failing to comply with their obligations under EU law. The decisions, covering various sectors and EU policy areas, aim to ensure the proper application of EU law, for the benefit of both citizens and businesses. The most noteworthy decisions are:

- The Commission sent reasoned opinions to **Germany, Spain** and the **United Kingdom**, demanding them to correctly transpose and implement EU energy efficiency regulations ([2012 Energy Efficiency Directive](#)) into national law. The Member States concerned now have two months to respond to the arguments put forward by the Commission. Otherwise, the Commission may decide to bring the matter before the Court of Justice of the EU;
- The Commission sent a letter of formal notice to **Malta** for failing to report on cost-optimal levels of minimum energy performance requirements, as required under EU law ([2010 Energy Performance of Building Directive](#)). Malta now has two months to reply to the concerns raised by the Commission. Otherwise, the Commission may decide to send a reasoned opinion; and
- The Commission sent a letter of formal notice to **Malta** to bring its national legislation into line with the EU impact assessment law ([2011 Environmental Impact Assessment Directive](#)). Malta has two months to reply to the arguments raised by the Commission. Otherwise, the Commission may decide to send a reasoned opinion.

## European Disability Strategy 2010-2020 – evaluation

In 2010, the European Commission presented its European Disability Strategy 2010-2020, which includes a chapter on accessibility. ‘Accessibility’ is defined as meaning that people with disabilities have access, on an equal basis to others, to the physical environment; transportation; information and communications technologies and systems (ICT); and other facilities and services. In terms of social protection, the Commission is of the view that people with disabilities need to be able to benefit from social protection systems and poverty reduction programmes; disability-related assistance; public housing programmes and other enabling services; and retirement and benefit programmes. Accordingly, in 2015, the Commission proposed the ‘Accessibility Act,’ on which Build Europe lobbied successfully over the years, to ensure that residential buildings were excluded from the scope of the Directive. The Commission has now launched a public consultation, reviewing the European Disability Strategy (see an editable Word document in English [here](#), and in French [here](#)). The evaluation is open until 29 October 2019. The results will be used to draw lessons on how to improve disability policy in the future, making it more effective and focused.

## NEWS FROM BUILD EUROPE COUNTRIES

### Build Europe offered reduced admission rates at Realty Summit 2019

Build Europe is pleased to announce it has secured reduced ticket charges for Members to attend the Realty Summit in Knokke this September. The Realty Summit is an excellent opportunity for Members to meet a variety of real estate innovators, watch panel discussions on construction and mobility, and attend the publication of a study on the ‘game-changing’ possibilities of new mobility, among many other featured panellists and speakers. Build Europe’s agreement with Realty means that tickets will be reduced from €800 to €680 for the first 50 Members purchasing tickets through [this link](#).

### “Europe must change its paradigm on housing” (FPI)

In its magazine *Passion Bâtir*, the French federation FPI presented its initiatives. The magazine includes an article on Build Europe and its Manifesto on housing. “It is entirely possible [to build more affordable housing], provided that French and European policies change their paradigm completely” said Marc Pigeon, Build Europe President. He added: “The current political line is to build only where there are needs, and at an affordable price: now, in this context, the opposite is the case. Building in big cities, where the land is more expensive, where the construction costs and urban taxes are the highest, will not make housing more affordable, unless we increase the financial assistance for our citizens.” The full article (*in French*) is available [here](#).

### Housing in France: a “drop in supply” rather than a “supply shock”

Over a 12 month period in 2017, 501,000 building permits were delivered, and work started for 425,000 dwellings. In mid-2018 and mid-2019, these figures fell to 460,000 and 398,000 respectively: the tipping point is mid-2017. This drop is particularly noticeable for ordinary collective housing, which accounts for most of the supply in the major cities where the needs are concentrated. The level of construction remains high, but the trend is negative. For FPI’s President, Alexandra François-Cuxac: “The State should be vigilant on the real estate sector’s activities (technology, construction, sustainable development, green growth). Real estate developers are the actors of growth, if they can evolve in a context where public decisions

are fast, fluid and transparent, and if the public sphere goes along private stakeholders to meet its challenges. More information is available [here](#).

### **There is a need for a clear and shared definition of ‘land take’ (UNAM)**

François Rieussec, President of UNAM, gave an interview reacting to the publication of a report by France Stratégie, titled “[‘No net land take’ objective: which levers to protect land.](#)” For him, even the report admits that ‘land take’ is a difficult concept to define. He argues for a clear and shared definition, as currently the numbers vary greatly depending on the methods – especially as one third of land take covers parks, gardens and public playgrounds, which cannot be classified as densification. For him, no-net land take is based on a generally accepted principle of combating urban sprawl and the shrinking of agricultural land. But, in its concrete application, there are two possibilities: the technocratic outcome is inspired by a punitive ecology, which results in an increase in construction, leading to the disappearance of neighborhoods of houses replaced by buildings. The other possibility, that François Rieussec defends, is the integration of habitat with the nature, and of the nature into the habitat, in harmony. You can find the full interview [here](#) (in French).

### **Skills Partnership awarded £1.9m to attract more people into homebuilding careers (HBF)**

The Home Building Skills Partnership (HBSP) has been awarded £1.9m, as part of CITB’s Pathways into Construction initiative. The funding will be used over the next three years to attract skilled people into homebuilding from currently underrepresented groups, allowing employers to draw on a more diverse range of talent in meeting their labour needs. The Skills Partnership worked with a number of developers to ensure the project bid addressed the technical roles shortages faced by the homebuilding sector, and provided the experience and skills needed to support new entrants. The successful bid will see the Skills Partnership focus on attracting women, ex-military personnel, FE students and young people not in employment, education or training (NEETS) into homebuilding roles.

### **Increase in construction prices: “The increase in actual cost is even higher” (BFW)**

Responding to the May 2019 figures published by the German Federal Statistical Office, BFW President Andreas Ibel said: “The Federal Statistical Office has reported an alarming increase in construction prices. The reality is even worse, as the classic construction price index does not reflect the actual development cost. Regulatory requirements and increased quality standards are not included in the index. The increase in actual costs is therefore so much higher! Affordable living requires affordable construction – and that is hardly possible with this increase in costs.” Construction costs did indeed increase by 4.7% in May 2019, compared to May 2018: the biggest increases are seen in concrete work (+5.3%) and masonry (+5.5%). See the full statement [here](#).

### **Construction. Innovations. Vision of industry leaders 2025 (PZFD)**

The Polish federation PZFD invites its Members to read the report “Construction. Innovations. Vision of industry leaders 2025”, carried out for Autodesk by ASM (Center for Market Research and Analysis), with contributions from PZFD and DomDevelopment. The report looks at the biggest challenges of Polish construction, the potential for increased efficiency, and the future innovations that will boost the construction sector in 2025. The study was conducted using in-depth individual interviews with the largest Polish companies in the architectural and construction industry. The report is available [here](#) (in Polish).

## **Ireland's housing market is stabilising, despite claims to the contrary**

Previously, estimates of annual home-building requirement ranged from 20,000 to over 50,000 units. Based on recent pricing evidence, it appears that those who were towards the lower end of this range have been the most accurate. In a nutshell, it looks like house price index (HPI) and rent inflation are slowing, simply because supply is catching up with demand. Thankfully, however, the construction industry is already approaching the right size to deliver Ireland's medium-term housing requirements. Construction was the second fastest growing sector of employment this time last year, but no additional jobs have been created in the last nine months. Planning permissions were surging a year ago, but have now contracted over two successive quarters. Finally, land sales have also cooled from last year's frantic pace. After 20 years of unbroken dysfunctionality it could just be that the Irish housing market is starting to straighten up and fly right (*More information available [here](#)*).

### **Build Europe activities**

- 3 September: Monitoring Committee
- 27 September 2019: Build Europe Board of Directors and General Assembly
- 9 October 2019: SRI 2<sup>nd</sup> stakeholder meeting
- 18 October 2019: European Housing Forum (EHF)
- 8 November 2019: Build Europe attends Thematic Group I – Construction 2020 in Brussels
- 20-22 November 2019: Build Europe Congress in Barcelona (Spain)
- 25 November 2019: Build Europe attends conference on “Soil and SDGs: challenges and need for action” in Brussels

